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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

NFAC 5287-81
21 August 1981

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

VIA: National Intelligence Officer for Warning

FROM: Charles E. Waterman
National Intelligence Officer for NESAs

SUBJECT: Monthly Warning Meeting - August 1981

1. Bay of Sidra Skirmish. The following are possible Libyan reactions to the shooting down of two aircraft by US units:

- a. Selective harassment or arrest of United States citizens in Libya.
- b. A more concerted effort by Libyan aircraft to intercept future reconnaissance flights in the Libyan area.
- c. A possible Libyan attempt to intercept F-15 or F-16 aircraft being ferried through the Mediterranean for delivery to Israel.
- d. Terrorist activity, possibly utilizing surrogate groups, against American or possibly Egyptian installations in vulnerable locations accessible to Libyan assets.
- e. Agreement by Libya to grant more Soviet access to military facilities. One option would be to agree to stockpile air-ship weapons under Soviet control in Libya.
- f. Imposition of a petroleum embargo. The tangible effect of an embargo at this time would be minimal, however, given present market glut conditions, and this fact detracts from the rationality of such an act.

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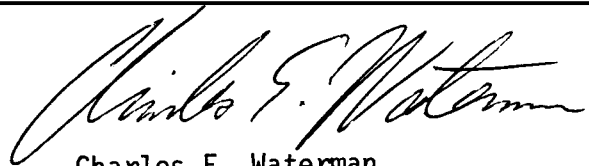
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- g. Propaganda utilization by the Libyans of the incident to lessen its isolation, and possibly as justification for its own usage of unorthodox methods of retaliation. ☐ 25X1

2. Yemen Arab Republic. The PDRY supported National Democratic Front and YAR military forces have both effected a buildup in the Ibb area which could devolve into a major battle. It is more likely the NDF will choose not to precipitate such an event at the moment, however, and will continue its process of gradually spreading its effective military control as well as political infiltration. The Ibb buildup is likely to be merely a step in this process -- not a major turning point. It is symbolic of the steady erosion of YAR stability, however. ☐

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